

**International Baccalaureate diploma program**  
**Business Management SL**  
**Internal Assessment**

# **How has PKN Orlen's initiative on being carbon neutral affected their operations?**

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Session May 2023

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# **Introduction**

Climate change has become a dangerous and serious environmental problem, these days. In order to combat this, countries, corporations and individuals started to act and implement their own ideas that aims to limit their effect on climate change. One of such companies is PKN Orlen. It is a Polish fuel and energy concern, a leader among petrochemical companies in Central and Eastern Europe with chain of over 2,800 service stations, located in Poland, the Czech Republic, Germany, Slovakia and Lithuania.<sup>1</sup> Services offered by them are directly connected to the majority of the economic activities that are responsible for the greenhouse gas emission. PKN Orlen in order to combat this issue decided to start their own initiative, which aims to achieve a net zero carbon footprint to 2050 with a main objective to reduce by 20% the CO<sub>2</sub> emission to 2030.

With such an ambitious plan and goals, PKN Orlen has a difficult, long and expensive road ahead of them to reach carbon neutrality. Times after the pandemic of Covid-19, the ongoing war in Ukraine and with extremely demanding regulations concerning environment might be difficult to implement the plans into reality, which will be explored further.

# **Methodology**

In order to determine how successful PKN Orlen is and will be in their goal, it is crucial to conduct a variety of analysis. To find the answer I will refer to 5 documents including 2 business articles, financial report, image and posts from social media. For in-depth analysis of documents will be used SWOT analysis, probability ratios and balance sheets. Also useful will be the application of marketing to determine how PKN Orlen's activities can or cannot be successful in carbon emission goal.

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<sup>1</sup> ORLEN Group integrated report 2021." PKN ORLEN, 8 August 2022, <https://www.orlen.pl/en/about-the-company/media/press-releases/2022/august-2022/ORLEN-Group-integrated-report-2021>. Accessed 2 February 2023.

# Exploration

## Initiative

All PKN Orlen's operations and activities are concentrated on carbon neutrality. The main idea and plans for the future is well defined by their vision which assumes to create new solutions in the fields of power generation and mobility, based on advanced and sustainable technologies. They should be the key to achieve their long-term goal – reaching emission neutrality by 2050.<sup>2</sup>

With that thought, PKN Orlen initiative, „transition path” is largely focused on the development in the area of renewable energy and modern petrochemicals. The company called it the key pillars of their sustainability strategy, which should allow achieving the ambitious goals of the Paris Agreement, the UN 2030 Agenda and the European Green Deal.<sup>3</sup> They take the challenges of climate change as new opportunities and chance for future's improvement, growth.

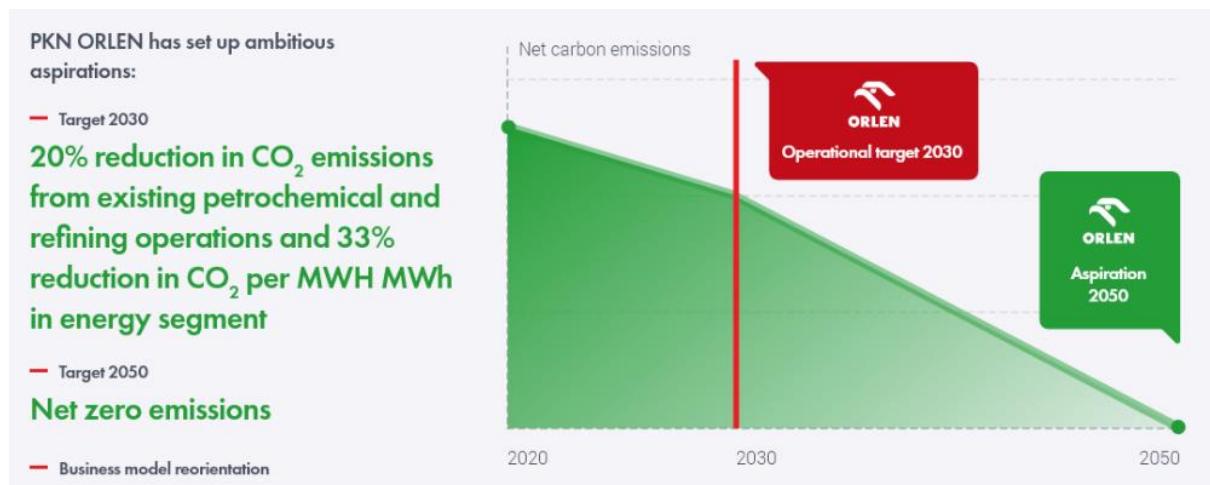


Figure 1. PKN Orlen's aspirations, aims (PKN Orlen GreenFinanceFramework, 2021)

<sup>2</sup> Appendix I - Vision of PKN Orlen

<sup>3</sup>“Sustainable development strategy - ORLEN 2021 Integrated Report.” ORLEN Raport Zintegrowany 2021, <https://raportzintegrowany2021.orlen.pl/en/strategy/sustainable-development-strategy/>. Accessed 2 February 2023.

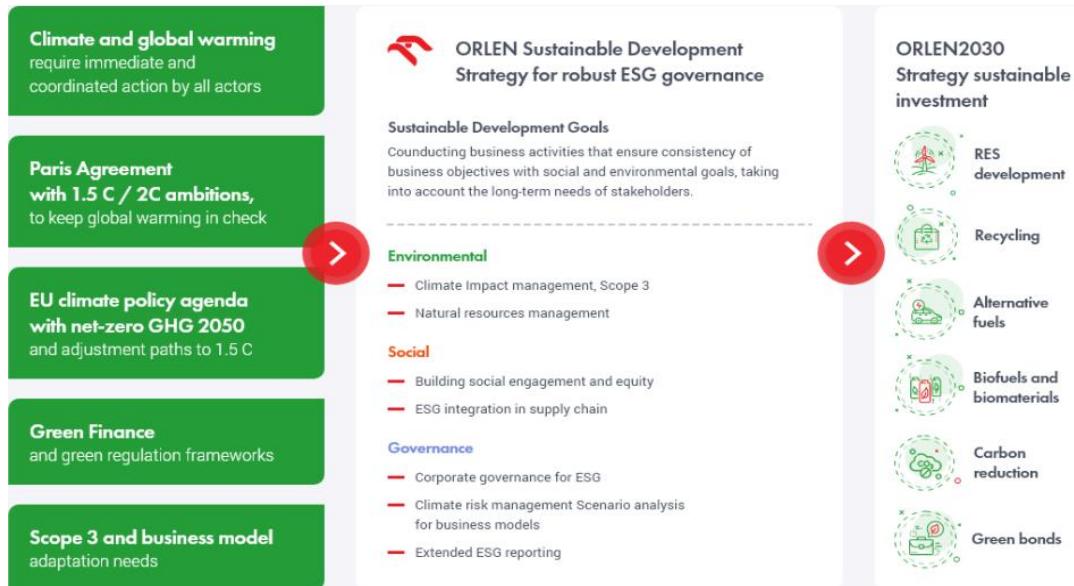


Figure 2. PKN Orlen sustainable development strategy  
(PKN Orlen GreenFinanceFramework, 2021)

## Marketing Analysis

PKN Orlen is the public limited company that is traded on the Polish Stock Exchange (GPW). This means that the general public is allowed to buy stock in the company, which makes that Orlen has to inform about their plans and share financial statements as well as the other types of reports including Environmental, Social and Governance or ESG. It makes their operations very transparent and understandable for everyone. The transparency of business operations sets a positive attitude towards a company, makes customers more attracted and in a result can boost the number of people willing to use the polish company's services.

Climate change becomes the important topic right now, that is why there is a large interest in actions and campaigns that promotes the pro-ecological attitudes. It is trendy, especially in social media, which PKN Orlen uses largely to promote their plans and initiatives. The major platforms on which they share content are Instagram and Twitter. Apart from posting sponsorships post that is a very good way to promote the brand name, they post a lot of staff connected with their activities, lately mainly about their pro-ecological ones. They created podcast, in which the experts deeply explore and discuss the challenges of the energy

transformation and its impact on everyday life.<sup>4</sup> The CEO of PKN Orlen Daniel Obajtek also actively contributes in social media. This all makes that the company in the eyes of customers is engaged in their initiatives and they really care about the wellbeing of the environment and society.

By the merger of PGNIG, Energa and Lotos with PKN Orlen, Polish company becomes one of the 150 largest companies in the world. Despite the fact that they gained a lot of important staff, their operation improved and stabilized their place in the market as they took over the 3 big competitors.<sup>5</sup> PKN Orlen inevitably gained new customers, greater investors' confidence and new funds. This move also improved their brand image and greatly expended company's capabilities. This investment allows for a company to take an important step towards becoming a multi-utility market player with a strong assets portfolio.<sup>6</sup>

## SWOT Analysis

SWOT analysis is a basic business tool a form of framework that identifies and analyses the main internal strengths and weaknesses and external opportunities and threats to aware managers of the factors that might have a significant influence during making a business decision or establishing a business strategy. (The SWOT analysis for PKN Orlen is shown in the appendix IV and described below).<sup>7</sup>

Move into the right direction was definitely PKN Orlen's merger with PGNIG, Energa and Lotos, which allows to became the largest Polish company and brings a lot of new funds as well as opens new opportunities of development in many different fields, from innovative development of hydrogen technology to the expansion of the infrastructure for obtaining energy from renewable sources and the dissemination of biofuels. They take the good of the community (social and governance) and environment into account during planning their next moves, which as a result impacts positively on their publicity and market position. PKN Orlen by introducing new technologies and innovations in the market like investing into

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<sup>4</sup> Appendix V - The examples of PKN Orlen social media activities

<sup>5</sup> Appendix II - Article about merger PGNIG, Energa and Lotos with PKN Orlen

<sup>6</sup> Appendix I - Vision of PKN Orlen

<sup>7</sup> Appendix IV – SWOT Analysis of PKN Orlen

development and dissemination of hydrogen energy, biofuels or photovoltaic and offshore wind farms allows them to become the leader of the energy transformation in Poland or even in Central Europe in the future.<sup>8</sup> The weaknesses and threats are based mainly on the uncertain situation connected with the continuous of fuel delivery from Russia, caused by the war in Ukraine. It and necessity to outweigh the expensive pro-ecological investments and other important projects like sponsorship in Formel1 can lead to increase the prices of fuels and significantly slowdown the realization of their goals, which overall might negatively impacts on the interest, motivation and perception of PKN Orlen by society.

## Financial Analysis

PKN Orlen operations connected with their carbon neutrality strategy are expensive. That is why it is important to look into the finances and check whether their activities are justified by a stable financial situation of a company. To determine this current ratio and gross profit margin will be used. The calculation will base on consolidated balance sheet until 30 September 2022.<sup>9</sup>

The current ratio measures a company's ability to pay short-term obligations or those due within one year.<sup>10</sup> The gross profit margin is used to measure the performance, how successful the management of a business has been at converting sales revenue into gross profit (sales revenue less cost of sales).

$$\text{Current ratio} = \frac{\text{current assets}}{\text{current liabilities}} = \frac{87345 \text{ million (PLN)}}{58153 \text{ million (PLN)}} = 1.50$$

$$\text{Gross profit margin} = \frac{\text{gross profit}}{\text{sales revenue}} \times 100 = \frac{35334 \text{ million (PLN)}}{176\,247 \text{ million (PLN)}} \times 100$$

$$\text{Gross profit margin} = 20.05\%$$

Equation 1. Calculation of gross profit margin and current ratio for PKN Orlen

<sup>8</sup> "PKN ORLEN SA - Green Finance Framework." ORLEN Raport Zintegrowany 2021, <https://raportzintegrowany2021.orlen.pl/wp-content/uploads/2022/07/GreenFinanceFramework.pdf>. Accessed 2 February 2023.

<sup>9</sup> Appendix III - Financial report of PKN Orlen operations in 30.09.2022 (after 9 months of 2022)

<sup>10</sup> Fernando, Jason. "Current Ratio Explained With Formula and Examples." *Investopedia*, <https://www.investopedia.com/terms/c/currentratio.asp>. Accessed 2 February 2023.

According to these calculations, the value of current ratio of PKN Orlen is enough to maintain financial liquidity. The gross profit margin is quite high, which means the company does not spend too much of its revenues on production expenses. In general, there was an increase profits, improvement in financial statistics between 2022 and 2021. It shows that the company is in good financial conditions and current activities are working well, so future development plans should not be in danger.

## Conclusion

In conclusion, the used tools show that the PKN Orlen's initiation to become carbon neutral has affected their operations in large degree. The company's activities are mainly concentrated on this goal, because they want to be the front runner of the new trend and not stay behind the competitors. Their plans are very ambitious and depend on many factors. War in Ukraine, past pandemic times and whole regulations are significantly hindering the development of new technologies. However, PKN Orlen seems to manage and fulfill their assumptions very efficiently and according to plan. Their finances are in stable condition without any risk of bankruptcy. Their SWOT analysis connected with this initiation shows clear path of the development (many opportunities) and the strengths that have been achieved, actually at the very beginning of the realization of 2030 strategy. There are also some threats and weaknesses which mainly concern the war in Ukraine and the Russia's attitude towards the problem related to raw material market, which is unfortunately independent of the company. Decisions in the business are thoughtful and reasonable. The merger PGNIG, Energa and Lotos with Orlen brought many benefits to them, which are necessary and crucial for the further development of the company in aspect of PKN Orlen's transformation into zero  $CO_2$  emission company. However, shown analysis is limited as it does not present the whole perspective and each aspect that influence the business. Company's attitude by using only 3 business tools and necessity of respect the word limit was difficult to evaluate, thus it might be slightly different from reality.

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## Appendix I: Vision of PKN Orlen



### Responsible transformation

ORLEN Group's transition path is determined by renewable energy and modern petrochemicals. The key pillars of our strategic development are complemented by the new approach to retail sales, which will enable us to meet a variety of customer needs comprehensively. The search for innovative solutions in the areas of new mobility, hydrogen energy and recycling is our response to the long-term trends.



### The future starts now

We are fully aware that the future starts now. For this reason the maximization of profits and reconstruction of current activity drive the development of new business areas. We consider it crucial to increase efficiency and develop sustainability of our core business segments, including more environmentally-friendly biofuels and biocomponents.

We believe that gas energy is a valuable bridge to the energy transition in our region. For this reason, we are currently reconstructing our upstream assets portfolio and keep investing in power generation infrastructure. In addition, we are dynamically developing our retail network across Central Europe.

## New energy

The global shift in approach to the use of natural resources redefines the challenges which our business faces. We believe that strong, integrated, multi-utility companies will be able to respond to them. They are the ones to create new, efficient and sustainable technologies, and the ones to become partners in a process of a profound socio-economic transition.

We are currently undergoing an acquisition of two leading Polish energy companies, LOTOS Group and PGNiG. The finalization of these acquisitions will allow us to become a regional leader shaping an entirely new appearance of the Central European economy.



## ORLEN2030 STRATEGY

By implementing the objectives of ORLEN2030 strategy, the company will become a leading multi-utility market player with a strong assets portfolio.



### Refinery

Refining capacities in the key markets

ORLEN2020      ≈36m tonnes/year

ORLEN2030      ≈45m tonnes/year

Biofuel production, including 2G biofuels (NIT/NRT compliant)

ORLEN2020      ≈0,3m tonnes

ORLEN2030      ≈2m tonnes



### Petrochemicals

Share of speciality petrochemical products in the portfolio

ORLEN2020      ≈16%

ORLEN2030      ≈25%

Installed recycling capacity

ORLEN2020      –

ORLEN2030      ≈0,3-0,4m tonnes



### Energy

Installed RES capacity, including wind and solar

ORLEN2020      0,7 GW

ORLEN2030      >2,5 GW

Installed gas-fired capacity

ORLEN2020      1,1 GW

ORLEN2030      2 GW



### Retail

Number of fuel stations in Central European markets

ORLEN2020      >2 850 in 5 markets

ORLEN2030      >3 500 in seven markets

Number of fast charging points for electric vehicles

ORLEN2020      ≈115

ORLEN2030      >1 000



### Upstream

Daily hydrocarbon production

ORLEN2020      ≈18 kboe/d

ORLEN2030      ≈50 kboe/d

Internal gas demand covered by integrated production

ORLEN2020      ≈2%

ORLEN2030      ≈20%

## Appendix II : Article about merger PGNIG, Energa and Lotos with PKN Orlen



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### Polish state energy firms complete merger in latest step to create global player

NOV 3, 2022 | BUSINESS, ENERGY & CLIMATE



Two Polish state energy firms companies, oil refiner PKN Orlen and oil and gas producer PGNiG, finalised their merger on Wednesday. Their fusion marks the latest step in expansion plans for Orlen, which was already the largest company in Central and Eastern Europe and has ambitions to become a global player

"We have merged with PGNiG," tweeted Daniel Obajtek, CEO of Orlen, which already recently acquired another Polish state-owned refiner, Lotos, and electricity provider, Energa. "Thus, we are finalising the acquisition processes thanks to which we enter the ranks of the 150 largest companies in the world."

Daniel Obajtek (@DanielObajtek) · Follow

Połączliśmy się z @GK\_PGNiG. Tym samym finalizujemy procesy przejęć, dzięki którym wchodzimy do grona 150 największych firm na świecie. Stworzyliśmy potencjał do realizacji wielomiliardowych inwestycji wzmacniających bezpieczeństwo i niezależność energetyczną Europy Środkowej

8:57 AM · Nov 2, 2022

1.4K · Reply · Share

Read 392 replies

At the end of July, Orlen and PGNiG signed a merger plan that involved the transfer of all PGNiG assets to Orlen in exchange for Orlen shares awarded to PGNiG shareholders.

In exchange for one PGNiG share, the company's shareholders would receive 0.0925 merger shares. PGNiG's shareholders – the biggest of which is the Polish state, which owned over 70% of the company – approved the merger last month.

The final step was the registration of the merger by a court, which took place on Wednesday, the company said. The process of integrating the subsidiaries acquired by Orlen, Lotos Group and PGNiG, will be completed within 10-12 months, ISBnews reports.

The deal will cement Orlen's place as the largest company in Central and Eastern Europe, bringing in revenue of up to 400 billion zloty (\$83.74 billion) a year, according to Obajtek. In 2021, Orlen's revenue was \$33.16 billion.

In comparison, another large Central European oil company, Hungary's MOL Group, last year recorded revenue of \$19.18 billion. Meanwhile, the biggest European oil company, British Shell, reported revenue of \$272.66 billion in 2021.

Orlen's expansion plans have had strong backing from the government, which wants to create a national champion. As well as its energy acquisitions, Orlen has also bought hundreds of local news outlets, replacing many of their editors with figures more sympathetic towards the ruling party.

During a press conference on the finalisation of the acquisition, Obajtek said that his firm is planning further investments and acquisitions. "We are discussing any acquisition processes that can strengthen us," said the CEO, quoted by ISBnews.

Asked whether the company was interested in taking control of the German refinery in Schwedt, as reported in the media, Obajtek indicated that Orlen was "talking to many partners in Europe, including in Germany". He did not, however, explicitly confirm if the acquisition of the Schwedt plant was discussed.

Following the announcement of the finalisation of the acquisition, Orlen shares rose by 5.68% on the day.

# Appendix III: Financial report of PKN Orlen operations until 30.09.2022 (after 9 months of 2022)



(in PLN million)

## A. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

### Consolidated statement of profit or loss and other comprehensive income

	NOTE	9 MONTHS ENDED 30/09/2022 (unaudited)	3 MONTHS ENDED 30/09/2022 (unaudited)	9 MONTHS ENDED 30/09/2021 (unaudited) (restated data)	3 MONTHS ENDED 30/09/2021 (unaudited) (restated data)
Sales revenues	5.1	176 247	72 996	90 427	36 442
revenues from sales of finished goods and services		145 001	61 485	70 419	29 004
revenues from sales of merchandise and raw materials		31 246	11 511	20 008	7 438
Cost of sales	5.2	(140 913)	(60 347)	(75 221)	(30 427)
cost of finished goods and services sold		(113 654)	(51 204)	(57 890)	(24 009)
cost of merchandise and raw materials sold		(27 259)	(9 143)	(17 331)	(6 418)
<b>Gross profit on sales</b>		<b>35 334</b>	<b>12 649</b>	<b>15 206</b>	<b>6 015</b>
Distribution expenses		(7 830)	(2 999)	(6 082)	(2 214)
Administrative expenses		(2 283)	(849)	(1 927)	(597)
Other operating income, incl.:	5.5	8 230	7 324	4 048	1 232
gain on bargain purchase of the LOTOS Group	5.5	5 923	5 923	-	-
Other operating expenses	5.5	(9 464)	(673)	(2 709)	(657)
(Loss) due to impairment of trade receivables		(38)	(10)	(59)	(21)
Share in profit from investments accounted for using the equity method		280	36	388	100
<b>Profit from operations</b>		<b>24 229</b>	<b>15 478</b>	<b>8 865</b>	<b>3 858</b>
Finance income	5.6	1 816	962	527	228
Finance costs	5.6	(2 908)	(1 739)	(813)	(526)
<b>Net finance income and costs</b>		<b>(1 092)</b>	<b>(777)</b>	<b>(286)</b>	<b>(298)</b>
(Loss) due to impairment of loans and interest on trade receivables		(5)	(1)	(7)	(3)
<b>Profit before tax</b>		<b>23 132</b>	<b>14 700</b>	<b>8 572</b>	<b>3 557</b>
Tax expense		(3 855)	(1 951)	(1 528)	(629)
current tax		(4 240)	(2 077)	(1 270)	(650)
deferred tax		385	126	(258)	21
<b>Net profit</b>		<b>19 277</b>	<b>12 749</b>	<b>7 044</b>	<b>2 928</b>
 <b>Other comprehensive income:</b>					
which will not be reclassified subsequently into profit or loss		57	(35)	(20)	10
actuarial gains and losses		69	(36)	(31)	10
gains and losses on investments in equity instruments at fair value through other comprehensive income		1	(6)	7	2
deferred tax		(13)	7	4	(2)
which will be reclassified into profit or loss		1 540	1 132	376	(42)
hedging instruments		(470)	(360)	(228)	(276)
hedging costs		380	612	39	(243)
exchange differences on translating foreign operations		1 611	929	533	385
share in other comprehensive income of investments accounted for using the equity method		2	1	-	-
deferred tax		17	(50)	32	92
<b>Total net comprehensive income</b>		<b>1 597</b>	<b>1 097</b>	<b>356</b>	<b>(32)</b>
 <b>Total net comprehensive income</b>		<b>20 874</b>	<b>13 846</b>	<b>7 400</b>	<b>2 896</b>
 <b>Net profit attributable to</b>		<b>19 277</b>	<b>12 749</b>	<b>7 044</b>	<b>2 928</b>
equity owners of the parent		19 059	12 677	6 981	2 909
non-controlling interest		218	72	63	19
 <b>Total net comprehensive income attributable to</b>		<b>20 874</b>	<b>13 846</b>	<b>7 400</b>	<b>2 896</b>
equity owners of the parent		20 651	13 778	7 341	2 877
non-controlling interest		223	68	59	19
Net profit and diluted net profit per share attributable to equity owners of the parent (in PLN per share)		30.42	20.24	16.32	6.80

## Consolidated statement of financial position

	NOTE	30/09/2022 (unaudited)	31/12/2021
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment		64 082	55 379
Intangible assets and goodwill		5 290	4 829
Right-of-use asset		6 582	5 586
Investments accounted for using the equity method		1 456	1 125
Deferred tax assets		811	718
Derivatives	5.8	719	343
Other assets	5.8	2 369	726
		<b>81 309</b>	<b>68 706</b>
Current assets			
Inventories		32 791	18 410
Trade and other receivables		29 549	15 041
Current tax assets		194	129
Cash		11 455	2 896
Derivatives	5.8	703	1 149
Assets classified as held for sale	5.9	6 906	-
Other assets, incl.:	5.8	5 747	423
security deposits	5.8	1 978	265
financial assets measured at fair value through profit or loss	5.8	3 585	-
		<b>87 345</b>	<b>38 048</b>
<b>Total assets</b>		<b>168 654</b>	<b>106 754</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		1 306	1 058
Share premium		16 079	1 227
Hedging reserve		(503)	(430)
Revaluation reserve		(19)	(20)
Exchange differences on translating foreign operations		3 722	2 111
Retained earnings		65 381	47 761
<b>Equity attributable to equity owners of the parent</b>		<b>85 966</b>	<b>51 707</b>
<b>Non-controlling interests</b>		<b>1 091</b>	<b>871</b>
<b>Total equity</b>		<b>87 057</b>	<b>52 578</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans, borrowings and bonds	5.7	10 210	13 742
Provisions	5.10	3 253	1 905
Deferred tax liabilities		2 620	2 060
Derivatives	5.8	943	705
Lease liabilities		5 729	4 876
Other liabilities	5.8	680	586
Liabilities from contracts with customers		9	9
		<b>23 444</b>	<b>23 883</b>
<b>Current liabilities</b>			
Trade and other liabilities		34 485	19 811
Lease liabilities		931	679
Liabilities from contracts with customers		1 115	719
Loans, borrowings and bonds	5.7	6 174	1 429
Provisions	5.10	6 290	6 201
Current tax liabilities		5 237	855
Derivatives	5.8	1 331	461
Other liabilities	5.8	1 047	138
Liabilities directly associated with assets classified as held for sale	5.9	1 543	-
		<b>58 153</b>	<b>30 293</b>
<b>Total liabilities</b>		<b>81 597</b>	<b>54 176</b>
<b>Total equity and liabilities</b>		<b>168 654</b>	<b>106 754</b>

The accompanying notes disclosed on pages 10 – 55 are an integral part of these interim condensed consolidated financial statements.

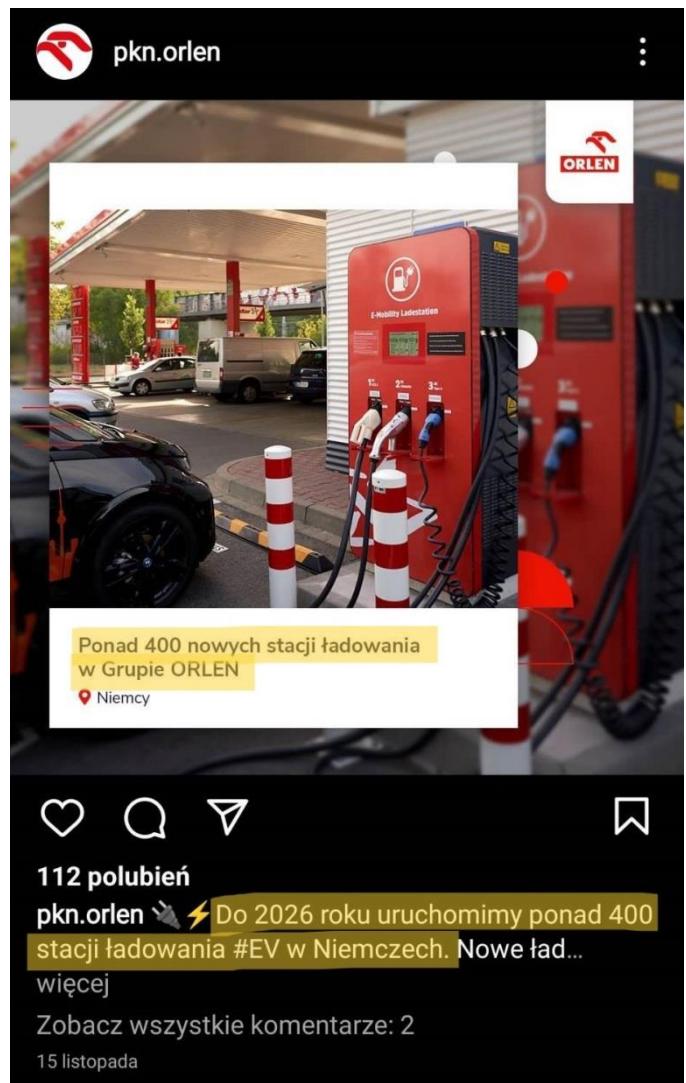
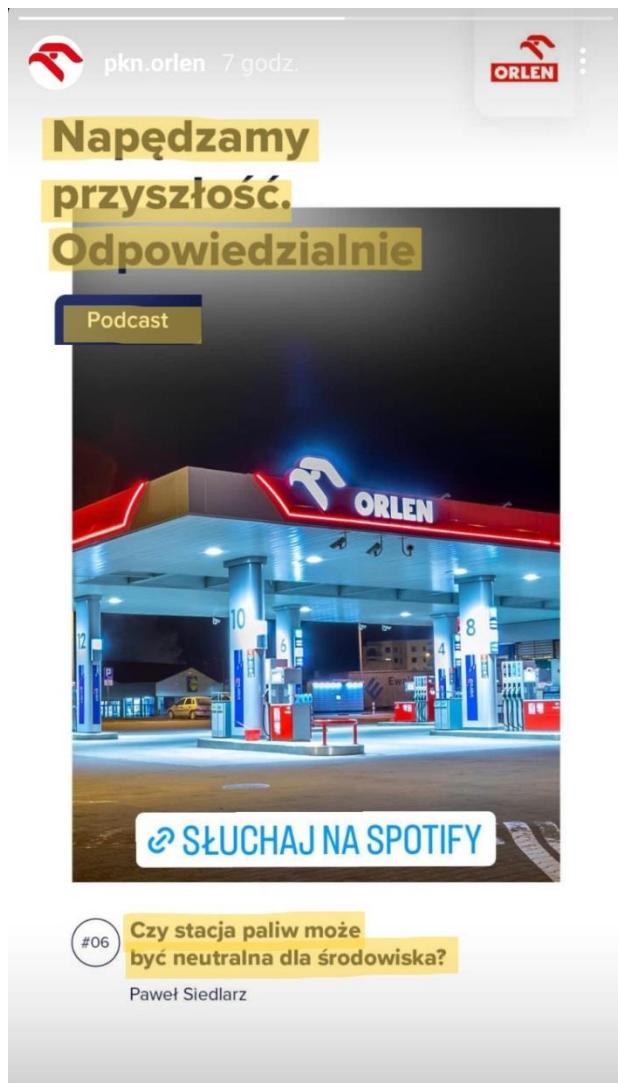
**Consolidated statement of changes in equity**

	Equity attributable to equity owners of the parent							Non-controlling interests	Total equity
	Share capital	Share premium	Hedging reserve	Revaluation reserve	Exchange differences on translating foreign operations	Retained earnings	Total		
01/01/2022	1 058	1 227	(430)	(20)	2 111	47 761	51 707	871	52 578
Net profit	-	-	-	-	-	19 059	19 059	218	19 277
Components of other comprehensive income	-	-	(73)	1	1 611	53	1 592	5	1 597
<b>Total net comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(73)</b>	<b>1</b>	<b>1 611</b>	<b>19 112</b>	<b>20 651</b>	<b>223</b>	<b>20 874</b>
Change in share structure	-	-	-	-	-	5	5	(5)	-
Dividends	-	-	-	-	-	(1 497)	(1 497)	(1)	(1 498)
Issue of merger shares	248	14 852	-	-	-	-	15 100	-	15 100
Other	-	-	-	-	-	-	-	3	3
<b>30/09/2022</b>	<b>1 306</b>	<b>16 079</b>	<b>(503)</b>	<b>(19)</b>	<b>3 722</b>	<b>65 381</b>	<b>85 966</b>	<b>1 091</b>	<b>87 057</b>
(unaudited)									
01/01/2021	1 058	1 227	(16)	(37)	1 328	38 036	41 596	793	42 389
Net profit	-	-	-	-	-	6 981	6 981	63	7 044
Components of other comprehensive income	-	-	(158)	6	533	(21)	360	(4)	356
<b>Total net comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(158)</b>	<b>6</b>	<b>533</b>	<b>6 960</b>	<b>7 341</b>	<b>59</b>	<b>7 400</b>
Liquidation of company	-	-	-	-	17	-	17	-	17
Acquisition of company	-	-	-	-	-	-	-	8	8
Dividends	-	-	-	-	-	(1 497)	(1 497)	(1)	(1 498)
<b>30/09/2021</b>	<b>1 058</b>	<b>1 227</b>	<b>(174)</b>	<b>(31)</b>	<b>1 878</b>	<b>43 499</b>	<b>47 457</b>	<b>859</b>	<b>48 316</b>
(unaudited)									

## Appendix IV: SWOT Analysis of PKN Orlen

Strength	Weaknesses
<ul style="list-style-type: none"> <li>❖ One of the largest companies in the world (Top 150) and one of leaders in fuel and energy market in Central and Eastern Europe.</li> <li>❖ Orlen is being very transparent with its goals towards carbon neutrality through social media and by publishing ESG reports.</li> <li>❖ A large surge of operating power (huge increase in revenue) due to the merger with PGNIG, Energa and Lotos.</li> </ul>	<ul style="list-style-type: none"> <li>❖ Problems with the availability of still important raw materials such as oil or natural gas caused by The Russian – Ukrainian conflict.</li> <li>❖ PKN Orlen can easily and very fast exhaust its budget.</li> <li>❖ Investing and paying attention also for non-pro-ecological projects/investments.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>❖ Development and dissemination of technology related to, for example: hydrogen energy.</li> <li>❖ Venturing into renewable energy solutions can reduce impact of carbon curbs.</li> <li>❖ Further expansion into biofuels and renewable sources of energy.</li> </ul>	<ul style="list-style-type: none"> <li>❖ Risk of fast replacement of gasoline vehicles by electric ones.</li> <li>❖ Potential of significant increase of inflation.</li> <li>❖ Soaring oil prices will mean accelerated shift towards substitutes.</li> </ul>

## Appendix V: The examples of PKN Orlen social media activities



### Translation:

Powering the future. Sustainable.

**Title of podcast:** Can the station be environmentally neutral?

### Translation:

Over 400 new charging station in the Orlen group.

**Post content:** by 2026 we will have over 400 charging stations in Germany.